

# CHECK OUT



CCJP  
CATHOLICS IN COALITION FOR JUSTICE AND PEACE

April 2013

## Carbon tax facts.



### What is the carbon tax?

At the centre of the government's policy on climate change is pricing carbon. Many commentators and politicians have referred to this as a "carbon tax". The idea is that polluters will pay per tonne of carbon they release into the atmosphere. This cost will initially be set at \$23, and increase gradually until 2015, when we will shift to a trading scheme that will let the market set the cost. This is widely thought of as the most effective and least costly mechanism to reduce carbon output and reduce the level of climate change that is occurring.

Right now, when you purchase a product that relies on carbon-intensive materials or manufacturing processes, the price you pay does not represent the cost incurred by the environment. The iron ore used could be sourced from the highest polluting mine in the world, the electricity used to power the manufacturing plant could be provided by the dirtiest coal mine in the world, and the trucks used could run on the dirtiest fuels, and it would make no difference to the price.

With a price on carbon, this equation would change. The amount of carbon pollution involved would start to be factored into its final price. Products produced through dirty processes will become more expensive, thereby making it possible for other products produced through cleaner processes to compete on price.

Yes, the price of certain goods that are reliant on carbon pollution for their production will go up. However, the majority of Australians will be compensated for this cost, and this cost will be relatively small for most items.

## Climate change is real

The Climate Commission report *The Critical Decade: Extreme Weather* released on Wednesday April 3 2013 examined links between Australia's extreme weather and human-induced climate change. It found natural events were being influenced by climate change, because greenhouse gases are accumulating and trapping extra energy in the Earth's atmosphere and oceans. The extra energy meant that natural events were being given an extra kick, meaning heavier bursts of rainfall, more intense heatwaves, and more prolonged dry spells. 99% of climate scientists agree that our climate is changing and humans are contributing.

Yet the deniers still peddle myths and distortions that ultimately make it harder for people and Governments to address the issues honestly and effectively. Here are some popular myths and the facts showing how wrong they are..

### Australia Acting Alone

**MYTH:** Without an international emissions trading scheme or an international carbon tax, a go-it-alone or go-it-almost-alone policy by Australia is all pain for no environmental gain.

**FACT:** Australia is not acting alone. Ninety countries representing 80% of global carbon emissions have pledged action on climate change. Australia's top five trading partners have implemented or are piloting carbon pricing at a national or regional level.

**MYTH:** Our carbon tax will be the heaviest carbon tax in the world.

**FACT:** The real carbon price for manufacturing industries like steel, aluminium, glass and paper will average \$1.30 a tonne of emissions - one of the lowest in the world.

## Cost of living

**MYTH:** The price of groceries will go up by five per cent under a \$26 a tonne carbon tax.

**FACT:** Food and grocery prices will increase by 0.4 per cent at most under the Government's carbon price. This is less than 80 cents per week for the average household, who are getting \$10.10 a week from the Gillard Government to help with costs.

**MYTH:** It's particularly important to stop this toxic tax because of the impact it will have on older people.

**FACT:** Pensioners and self-funded retirees holding a Commonwealth Seniors Health Card will get a cash increase of \$338 each year for singles and \$510 each year for couples combined under the Household Assistance Package.

**MYTH:** The intentions of the authors of this carbon tax legislation are to kill manufacturing industry in this country.

**FACT:** Labor has a package worth billions of dollars to support manufacturing jobs. Industries will benefit from increases in productivity and energy efficiency, making them more globally competitive. Mr Abbott opposed all of this help.

**MYTH:** Every new car will be \$400 a year more expensive under the carbon tax

**FACT:** The carbon price will not impose an annual \$400 price increase on new cars. Materials that make up over 90 per cent of the emissions embodied in a typical car are shielded from the carbon price. Motor industry output is projected to grow faster under a carbon price than with no carbon price.

**MYTH:** It will lead to massive increases in power prices.

**FACT:** The carbon price will increase household electricity prices by \$3.30 a week on average, and households will receive \$10.10 a week on average under Labor's Household Assistance Package.

### Sources:

- 1) G,Wright. ALP Barton ACT
- 2) *The Critical Decade: Extreme Weather* - <http://climatecommission.gov.au/>
- 3) <http://www.carbontax.net.au/>

Should you wish to receive further **CHECK OUTs**, contact Cecily May, CCJP, PO Box A21, Enfield South, NSW 2133 or ☐/Fax 9642 4507  
Email: ccjp@bigpond.com / Web: www.ccjpoz.org

## Transport Costs

**MYTH:** We won't be able to get on a bus or a train, ultimately to drive our cars, without being impacted by this tax.

**FACT:** There will be no carbon price on fuel used by household cars or light commercial vehicles. Buses using LPG, LNG, CNG or biofuels will not face a carbon price.

## Small business

**MYTH:** There is no compensation for small business.

**FACT:** Small businesses will benefit from a \$6500 instant asset write-off which can be used any number of times a year. Also a \$40 million energy efficiency program will be aimed at small & medium businesses.

## Employment

**MYTH:** There will be 45,000 jobs lost in energy intensive industries. There will be 126,000 jobs lost mainly in regional Australia

**FACT:** Employment will continue to grow strongly under a carbon price, with 1.6 million new jobs being created by 2020. New jobs and industries will be created from the investment in clean technology

## Tony Abbott's Direct Action Plan

**MYTH:** More trees . better soils and smarter technology remain the best way to reduce emissions .

**FACT:** To reduce emissions by Mr. Abbott's target of 5%, trees would have to be planted on over more than 26 million hectares - wiping out entire crop lands. The Coalition Direct Action Plan would cost \$48 billion.

**MYTH:** There are many economists who prefer the Coalition plan to the Government's plan.

**FACT:** Mr Abbott was unable to name one economist who preferred his Direct Action policy to a market mechanism like the carbon price.

## Truth and Certainty?

In 2011 Mr. Abbott said: "I mean, that's my position and that's always been my position but I've never been in favour of a carbon tax or an emissions trading scheme.."

**FACT:** Mr Abbott was a senior Minister in the Howard Government that went to the 2007 election with a policy of introducing an emissions trading scheme. In 2009 he said: "I also think that if you want to put a price on carbon, why not just do it with a simple tax?"

